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SUBJECT: GREEK TOURISM: RECESSION AND SECURITY THREATEN, BUT
GOG HAS BIG PLANS

¶1. (SBU) SUMMARY: During a call by Ambassador February 23, new Minister of Tourism Constantinos Markopoulos expressed high hopes for U.S.-Greek relations with the new Administration, acknowledged that Greece's tourism sector faces difficult challenges in 2009 due to the drastic fall off in bookings which started even before the financial crisis erupted in 2008, and laid out a number of measures his Ministry is planning to promote Greece as a tourist destination. These measures include lowering taxes and fees, building partnerships with European air carriers, and seeking to host high visibility events such as international yacht races and Hollywood film productions. Markopoulos plans to visit Washington in mid-April "after the PM's visit" on a six city tour. Ambassador noted that all Markopoulis' plans could come to naught if the GOG does not get a handle on deteriorating public security. End Summary.

¶2. (SBU) Ambassador called on newly installed Minister of Tourism Constantinos Markopoulos February 23 to see what plans the GOG had to overcome the serious downturn Greece's tourism sector is experiencing because of the global recession. Markopoulos acknowledged that Greece's tourist sector is facing a severe downturn, which started in 2008. (Note: the problems of the tourism sector, which represents 15 percent of Greek GDP, have been prominently reported in the Greek press, with some stories reporting that bookings from key European markets are off up to 30 percent compared with 2007. End note.) Markopoulos welcomed the opportunity to take on this tough challenge. The Tourism Ministry, he said, "is like a second Foreign Ministry." He said he was eager to work with the U.S. government and to rebuild Greece's reputation as a major destination for U.S. visitors. Ambassador noted that to overcome the slump created by international economic circumstances Greece would need to address a number of obstacles, including a lack of resort facilities, golf courses, etc., which are proposed but too often stymied by local opposition. Markopoulos agreed that Greece had not developed its full tourism potential, and said, "we have a plan to address these things."

¶3. (SBU) Markopoulos explained that, in order to reduce the cost of travel to Greece, he is proposing that the GOG reduce in phases the tax rate for rooms and miscellaneous fees for landing at small airports and ports. (Note: these measures - particularly the room tax - are an important source of revenues for municipalities, and Athens Mayor Keklamanis has threatened to resign if the room tax is reduced. End note.) The GOG, he said, is also planning a promotional campaign in cooperation with European air carriers and major tour operators.

¶4. (SBU) In response to Ambassador's question, Markopoulos acknowledged that arrivals were off nearly 15 percent in 2008, with arrivals from the U.S. off over 20 percent. He said the GOG needs to develop a U.S.-specific campaign in order to rebuild this market, but his goal for 2009 is simply to maintain arrivals at current levels. For the longer term, he had big plans to enhance Greece's image as a tourism destination. These include a plan to reach out to Hollywood, while working in Greece to reduce bureaucratic obstacles, to

encourage major film production in Greece. This would be in the tradition of the 1960s, when Melina Mercoury helped raise interest in travel to Greece. Markopoulos was also in discussions that very day with the organizers of the Louis Vuitton Cup yacht race to host it in the Aegean, perhaps as early as spring 2010. Furthermore, Markopoulos hoped to enter into discussions with the organizers of the America's Cup, with an eye to Greece hosting it in late 2010 or 2011.

15. (SBU) Markopoulos hoped to present his plans to U.S. interlocutors during a six-city tour which he was planning for mid-April, "after Prime Minister Karamanlis' visit." He would launch the trip in Washington DC, with a speech at the Woodrow Wilson Center. Ambassador welcomed Markopoulos' ambitious plans and offered Embassy support for his trip planning. Ambassador cautioned, however, that it is difficult to see how Greece will attract visitors with press reports of riots and car bombs. All of these plans would be put at risk, he said, if a bomb the size of the car bomb that failed to detonate in front of the CityBank branch office in late February were to go off.

SPECKHARD